



**U.S. Department of Justice**

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*Eastern District of Pennsylvania*

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FOR IMMEDIATE RELEASE

September 29, 2004

**SHAMSUD-DIN ALI, FARIDAH ALI, AND FIVE OTHERS  
CHARGED IN CONNECTION WITH RACKETEERING  
ENTERPRISE**

**Also Charged Are Former Special Assistant to the Chief of Staff For The  
Mayor Of Philadelphia and Chief Of Staff For City Councilperson**

PHILADELPHIA – United States Attorney Patrick L. Meehan, Special Agent-in-Charge John Eckenrode, Federal Bureau of Investigation, Special Agent-in-Charge Jerome Lisuzzo, Internal Revenue Service, and Special Agent-in-Charge William Hamel, Inspector General’s Office, Department of Education, today announced the filing of an Indictment,<sup>1</sup> charging defendants Shamsud-Din Ali, a/k/a “Shamps,” “the Imam,” and Faridah Ali, a/k/a “Rita Spicer,” “Rita Ali,” with conducting and participating in a racketeering enterprise through a pattern of racketeering activity involving numerous schemes to obtain money and property by defrauding governmental entities, financial institutions, businesses and individuals; extortion; and bribery.

“This enterprise used political influence as leverage and access to people in high places as a hammer,” said Meehan. “This organization wrapped its tentacles around individuals, institutions, government entities or whomever it targeted as a source of profit, and simply applied pressure when necessary. Taxpayers wound up stuck with the bill for work that was never done. Banks were defrauded, vendors were extorted, and even contributors to a religious school were duped.”

Specifically, the 48-count RICO Indictment alleges that Shamsud-Din Ali and Faridah Ali exploited their positions of control over various individuals and related legal entities, including Keystone Information and Financial Services (“KIFS”), located at 7108 Germantown Avenue, Philadelphia, PA, and the Sister Clara Muhammad School, a private school for grades K-12 located at 4700 Wyalusing Avenue, Philadelphia, PA, to generate illegal income. The Indictment also charges five individuals, John Christmas, Steven Vaughn, a/k/a “Wassi,” Richard Meehan, John Johnson and John Salter, with various substantive crimes stemming from their participation in the affairs of the RICO enterprise directed and controlled by the ALIs, including mail fraud, wire fraud, interstate travel and use of the mails in aid of racketeering, and extortion. The Indictment charges

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<sup>1</sup>An Indictment or Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

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that at the time of the commission of the offenses John Christmas was the Special Assistant to the Chief of Staff for the Mayor of Philadelphia and Steven Vaughn was the Chief of Staff for the City Councilperson elected to represent the Eighth District for the Philadelphia City Council.

The violations charged in the Indictment include the following:

**1. The Scheme to Defraud the City of Philadelphia - KIFS' Collection Contract with the City of Philadelphia**

The Indictment charges that from May 2001 through April 2002, Shamsud-Din Ali, together with John Christmas and Steven Vaughn, both of whom were employed by the City of Philadelphia, conducted a scheme to defraud the City of Philadelphia ("COP" or "the City") by falsely representing to the Law Department for the City of Philadelphia that Shamsud-Din Ali's debt collection company, KIFS, had identified and collected \$658,000 in delinquent real estate taxes owed to the COP, when in fact KIFS had provided no services. On August 14, 2001, in a telephone conversation with Christmas, Ali said they should "give me the whole thing." As a result of the false representations to the COP, the COP paid KIFS a \$60,595 commission.

**2. Commercial Bribery and Interstate Travel in Aid of Racketeering - KIFS and The Airport Contract**

The Indictment charges that between July 1999 and October 2003, Shamsud-Din Ali agreed to pay and paid Richard Meehan, then the National portfolio manager for AAT Communications Corporation, more than \$7,000 in kickbacks for using his position at AAT to ensure that KIFS was a minority participant on a contract between AAT and the City of Philadelphia to install, lease and manage cellular antenna sites at the Philadelphia International Airport ("Airport"), thereby ensuring that KIFS would earn monthly commissions of approximately \$1,700 per month from AAT without having to perform any work on the Airport contract.

**3. The Scheme to Defraud Commerce Bank - KIFS' Line of Credit**

The Indictment charges that between Fall 2001 and August 2003, Shamsud-Din Ali and John Salter, a tax preparer, engaged in an scheme to defraud Commerce Bank by preparing and submitting false financial documents to Commerce Bank which gave a false picture of KIFS financial condition so that Commerce Bank would: 1) not foreclose on a \$100,000 line of credit that had been extended to KIFS in 1999 and was guaranteed by the Small Business Administration; and 2) extend the loan maturity date for the \$100,000 line of credit until August 2003.

**4. Extortion of City of Philadelphia Vendors**

The Indictment charges that between July 2002 and November 2002, Shamsud-Din Ali and John Johnson engaged in a scheme to extort \$25,000 from Waste Management & Processors, Inc., a bio-solid waste hauling business which had a contract with the City of Philadelphia to haul and dispose of biological solids generated by the Philadelphia sewage treatment system. In a telephone conversation on October 15, 2002 with Ali, Johnson said of his victim, "I think he knows he has to pay us; he doesn't want me complaining to the City; if he's going to cooperate, he'll have to keep this group here happy. He sees the power." In another telephone conversation with Johnson less than a month later, Ali said he was not "gonna let no coward play with me" and that Ali would "turn on him ferociously." Additionally, the Indictment charges that Shamsud-Din Ali and John Johnson attempted to extort another waste hauling company, Waste Management of Pennsylvania, Inc., between January and February 2003.

**5. The Scheme to Defraud Contributors to the Sister Clara Muhammad School**

The Indictment charges that between January 1998 and December 2001, Shamsud-Din Ali and Faridah Ali engaged in a scheme to defraud contributors to the Sister Clara Muhammad School by representing that the contributed funds were going to be used for the Sister Clara Muhammad School, when in fact the funds were used for personal expenses for Shamsud-Din and Faridah Ali. Through their misrepresentations, the ALIs obtained approximately \$75,375 in funds which contributors believed were going to be used for the school.

**6. The Scheme to Defraud the Community College of Philadelphia (Mail Fraud)**

The Indictment charges that between July 1999 and December 2001, Faridah Ali engaged in a scheme to defraud the Community College of Philadelphia ("CCP") by making false and fraudulent representations which caused the CCP to pay at least \$21,600, to SCMS, as payment of rent for the use of the SCMS facility to conduct courses on behalf of the CCP, which in fact were not taught at the SCMS. The rent monies were then diverted to the personal use and benefit of Shamsud-Din Ali and Faridah Ali.

**7. The Scheme to Defraud Mercedes-Benz**

The Indictment charges that between July 2001 and August 2001, Faridah Ali and Shamsud-Din Ali engaged in a scheme to defraud Cherry Hill Mercedes-Benz and Mercedes-Benz Credit Corporation by submitting false and fraudulent financial information to obtain approval for an automobile loan in the amount \$87,078.50 to pay for the purchase of a new 2002 Mercedes Benz S500V sedan for Shamsud-Din Ali. In a telephone conversation during which Faridah Ali told a relative she was buying the Mercedes, Ali said that Shamsud-Din Ali "can't make a statement in a seven-year-old car....A world leader can't be driving around in an old car."

**8. Tax Violations**

With regard to the monies generated by the Shamsud-Din Ali and Faridah Ali through their illegal activities, the Indictment also charges both Shamsud-Din Ali and Faridah Ali with tax evasion during the period from 1998 through 2001, and charges Faridah Ali with filing false tax returns which failed to disclose her illegal income.

**9. Perjury/False Statements**

Finally, the Indictment charges John Christmas with perjury before the grand jury and with making false statements to the FBI regarding his involvement in the scheme in which KIFS' secured a contract with the COP to collect real estate taxes from Bowman Properties, Ltd. and RS and received a \$60,595 commission for performing no work related to the contract.

**The defendants in this case are charged as follows:**

**Shamsud-Din Ali** is charged with RICO, RICO conspiracy, 9 counts of mail fraud and mail fraud conspiracy, 8 counts of wire fraud and wire fraud conspiracy, 11 counts of interstate travel and use of a facility in aid of racketeering, 1 count of bank fraud, 3 counts of extortion, extortion conspiracy and attempted extortion, and 4 counts of tax evasion. He faces a maximum sentence of 290 years imprisonment.

**Faridah Ali** is charged with RICO, RICO conspiracy, 5 counts of mail fraud and mail fraud conspiracy, 8 counts of wire fraud and wire fraud conspiracy, 4 counts of tax evasion and 3 counts of filing false tax returns. She faces a maximum sentence of 134 years imprisonment.

**John Christmas** is charged with 4 counts of mail fraud and mail fraud conspiracy, 2 counts of perjury and 1 count of making false statements to the FBI. He faces a maximum sentence of 35 years imprisonment.

**Steven Vaughn** is charged with 4 counts of mail fraud and mail fraud conspiracy. He faces a maximum sentence of 20 years imprisonment.

**Richard Meehan** is charged with 11 counts of interstate travel and use of a facility in aid of racketeering. He faces a maximum sentence of 55 years imprisonment.

**John Johnson** is charged with 3 counts of extortion, extortion conspiracy and attempted extortion. He faces a maximum sentence of 60 years imprisonment.

**John Salter** is charged with 1 count of bank fraud. He faces a maximum sentence of 30 years imprisonment.

**INFORMATION REGARDING THE DEFENDANT**

<b>NAME</b>	<b>ADDRESS</b>	<b>AGE</b>
<b>Shamsud-Din Ali, a/k/a "Shamps," "the Imam"</b>	<b>Elkins Park, PA</b>	<b>66 years old</b>
<b>Faridah Ali, a/k/a "Rita Spicer," "Rita Ali"</b>	<b>Elkins Park, PA</b>	<b>55 years old</b>
<b>John Christmas</b>	<b>Philadelphia, PA</b>	<b>40 years old</b>
<b>Steven Vaughn, a/k/a "Wassi"</b>	<b>Philadelphia, PA</b>	<b>54 years old</b>
<b>John Salter</b>	<b>Elkins Park, PA</b>	<b>53 years old</b>
<b>Richard Meehan</b>	<b>Forrest Hill, NY</b>	<b>57 years old</b>
<b>John Johnson</b>	<b>Philadelphia, PA</b>	<b>58 years old</b>

The case was investigated by the Federal Bureau of Investigation, the Internal Revenue Service and the Department of Education, with the assistance of the Office of Inspector General of the Department of Transportation in Philadelphia, and has been assigned to Assistant United States Attorney's Frank A. Labor, III, Zane D. Memeger and Anthony J. Wzorek.

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